

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 SAM-01 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 INT-05

FEA-01 OES-06 STR-04 AGR-05 AGRE-00 DODE-00 PM-04

H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 FAA-00 DOTE-00

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R 242222Z SEP 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 4896

INFO AMEMBASSY BOGOTA

AMEMBASSY LISBON

AMEMBASSY MEXICO CITY

AMEMBASSY MOSCOW

USCINCSO QUARRY HEIGHTS

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E.O. 11652: N/A

TAGS: PFOR, EAIR, ELAB, ENRG, CPRS, VE, MX; PO, CU, UR

SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 11195 (NOTAL)

SUMMARY: THE AVIATION STRIKE CONTINUES BECAUSE AEROPOSTAL
AND AVENSA PILOTS REFUSE TO RETURN TO WORK UNLESS ALL SANCTIONS
AGAINST THEIR LEADERS ARE DROPPED. THIS SEEMS UNLIKELY,
SINCE AEROPOSTAL HAS NOW FIRED FIVE PILOTS WHO LED THE STRIKE.
HOWEVER, VIASA FLIGHTS ARE RETURNING TO NEAR NORMAL.
ASSASSINATED FORMER CHILEAN AMBASSADOR ORLANDO LETERLIER
WILL BE BURIED IN CARACAS WITH FULL HONORS EARLY NEXT WEEK. THE
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MEXICAN PRESIDENT-ELECT VISITED VENEZUELA AS DID A

PORTUGUESE DELEGATION COMPOSED OF POLITICAL PARTY REPRESENTATIVES AND MEMBERS OF THE REVOLUTIONARY COUNCIL. CARLOS BORDONI'S VENEZUELAN CITIZENSHIP MAY BE REVOKED. OIL PRODUCTION IS UP. CUBAN-VENEZUELAN TRADE IS IN THE NEWS, WITH A PETROLEUM EXPORT AGREEMENT UNDER CONSIDERATION AND THE SIGNING OF A TRADE AGREEMENT INVOLVING SALE OF CUBAN CEMENT FOR VENEZUELAN STEEL. VENEZUELA PLANS TO BUY 100,000 TONS OF SUGAR FROM NON-TRADITIONAL SUPPLIERS. END SUMMARY.

1. AVIATION STRIKE - VIASA RETURNS TO NEAR NORMAL, BUT AEROPOSTAL AND AVENSA PILOTS REFUSE TO RETURN TO WORK UNLESS ALL SANCTIONS ARE DROPPED BY GOV. PRESIDENT PEREZ' CONCILIATORY SPEECH SEPTEMBER 21 (CARACAS 11357) FAILED TO CONVINCE STRIKING VENEZUELAN PILOTS, PARTICULARLY THOSE EMPLOYED BY AEROPOSTAL AND AVENSA, TO RETURN TO WORK. PEREZ PROPOSED THAT ALL DO SO, AFTER WHICH HE WOULD AGREE TO MEET WITH THEM. THE PILOTS RESPONDED BY STATING THAT THEY WOULD MEET WITH THE PRESIDENT ONLY IF ALL THEIR MEMBERS WERE PERMITTED TO WORK WITHOUT SANCTION. SINCE OUR SEPT. 23 REPORT ON VIASA (CARACAS 11342), MORE OF THAT AIRLINE'S PILOTS HAVE RETURNED TO WORK AND VIASA'S OPERATIONS ARE ALMOST NORMAL. HOWEVER, ALMOST ALL OF AEROPOSTAL AND AVENSA'S PILOTS REMAIN OUT. ON SEPT. 23, THE AEROPOSTAL MANAGEMENT ANNOUNCED THAT IT WOULD PERMIT ITS PILOTS TO WORK, WITH THE EXCEPTION OF FIVE STRIKE LEADERS, WHO HAVE BEEN FIRED. AEROPOSTAL ALSO GAVE ITS PILOTS UNTIL NOON SEPTEMBER 24 TO RETURN OR FACE THE POSSIBILITY OF BEING LAID OFF. THE PILOTS REPORTEDLY REFUSED TO COMPLY. DURING MID-WEEK VARIOUS MEDIATION EFFORTS BY THE VENEZUELAN CONFEDERATION OF LABOR, THE NATIONAL CHAMBER OF COMMERCE, AND OTHERS FAILED. ASIDE FROM THE PILOTS' DISCONTENT OVER THE AIRLINE MANAGEMENT'S DECISION TO FIRE KEY STRIKE LEADERS, THEY ALSO POINT TO SOME INCORRECT STATEMENTS IN THE PRESIDENT'S SPEECH CONCERNING THE PRESENT SATISFACTORY STATUS OF A NUMBER OF NAVIGATIONAL AIDS AS PROOF THAT HE HAS BEEN MISINFORMED ABOUT THE FULL DIMENSIONS OF THE PROBLEM. THE VENEZUELAN AIR FORCE REPORTEDLY PLANS TO SEND A NUMBER OF ITS PILOTS TO THE DOUGLAS COMPANY IN CALIFORNIA FOR DC-9 TRAINING IN OCTOBER.

2. ORLANDO LETELIER TO BE BURIED IN CARACAS NEXT WEEK. THE PRESS ANNOUNCED SEPT. 24 THAT FEDERAL DISTRICT GOVERNOR DIEGO LIMITED OFFICIAL USE

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ARRIA WILL NOT REPEAT NOT TRAVEL TO WASHINGTON TO ACCOMPANY FORMER CHILEAN AMBASSADOR AND MINISTER ORLANDO LETELIER'S BODY TO CARACAS FOR BURIAL AS HAD BEEN ANNOUNCED EARLIER THIS WEEK (CARACAS 11355). OTHER PERSONAL FRIENDS OF LETELIER WILL GO TO WASHINGTON FOR THIS PURPOSE, REPORTEDLY IN PRESIDENT PEREZ' OWN AIRPLANE. PRESIDENT PEREZ AT BRIEF PRESS CONFERENCE SEPT. 22 TERMED LETELIER'S ASSASSINATION "AN ABOMINABLE CRIME, A CRIME WITHOUT

BORDERS." HE NOTED AT THAT TIME THAT IMMEDIATELY AFTER THE NEWS OF THE ASSASSINATION WAS RECEIVED HERE, HE INFORMED LETELIER'S WIFE THAT VENEZUELA WOULD BE HONORED TO RECEIVE LETELIER'S REMAINS, IF SUCH WAS HER DESIRE. THERE HAS BEEN HEAVY MEDIA COVERAGE OF THE ASSASSINATION. ALTHOUGH A NUMBER OF VENEZUELAN COMMENTATORS AND POLITICIANS HAVE SUGGESTED THE CHILEAN SECURITY SERVICE, DINA, IS RESPONSIBLE FOR LETELIER'S DEATH, TWO OFFICIALS WELL CONNECTED TO THE SENIOR RANKS OF THE AD PARTY HAVE CONFIDED A DIFFERENT VIEW TO US. THEY REASON THE CHILEANS WOULD NOT HAVE ALLOWED LETELIER TO LEAVE CHILE HAD THEY ANY INTENTION OF KILLING HIM. THE SIGNIFICANCE OF THESE VIEWS IS THAT THEY MAY REFLECT THE VIEWS OF THE AD LEADERSHIP. ANOTHER OFFICIAL, HOWEVER, WITH EQUALLY HIGH CONNECTIONS IN AD DOES NOT REFLECT THE DINA THESIS. CERVINI, LEADER OF PRO-VENEZUELA ASSOCIATION, CALLED FOR VENEZUELA TO BREAK DIPLOMATIC RELATIONS WITH CHILE BECAUSE IT HAS BEEN CONVERTED INTO A GIGANTIC JAIL. ACCORDING TO PRESS REPORTS, COPEI LEADER SENATOR LUIS HERRERA CAMPINS, WHO IS ATTENDING A CONFERENCE IN MADRID, ALSO CONDEMNED LETELIER'S ASSASSINATION, NOTING THAT DEMOCRACY IN LATIN AMERICA IS SUFFERING ITS WORST BLOWS IN CHILE. WE EXPECT THERE MAY WELL BE EMOTIONAL DEMONSTRATION HERE AT THE TIME OF LETELIER'S BURIAL EARLY NEXT WEEK (EXACT TIME HAS NOT BEEN ESTABLISHED). WHILE WE HAVE NO INDICATIONS TO DATE THAT ANY DEMONSTRATION MAY BE DIRECTED AGAINST THE EMBASSY, WE WILL BE TAKING APPROPRIATE PRECAUTIONS.

3. MEXICAN PRESIDENT-ELECT VISITS VENEZUELA. DURING TWO DAY STAY IN CARACAS, MEXICAN PRESIDENT-ELECT LOPEZ PORTILLO DISCUSSED BILATERAL AND INTERNATIONAL AFFAIRS WITH PRESIDENT PEREZ. THE SUBSTANCE OF THEIR BILATERAL CONVERSATIONS HAS NOT BEEN REVEALED, BUT IN A PRESS CONFERENCE HERE THE PRESIDENT-ELECT REVIEWED A WIDE RANGE OF FOREIGN POLICY LIMITED OFFICIAL USE

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ISSUES OF IMPORTANCE TO MEXICO, INCLUDING OPEC, BELIZE, SELA, PANAMA, CHILE AND SPAIN (SEE CARACAS 11362).

4. PORTUGUESE POLITICAL LEADERS PAY PROTOCOLARY VISIT TO CARACAS. ON SEPT. 18, A GROUP OF PORTUGUESE LEADERS, INCLUDING REPRESENTATIVES OF FOUR POLITICAL PARTIES, THE REVOLUTIONARY COUNCIL, AND THE ECONOMIC SECTOR ARRIVED IN CARACAS ON A TAP (PORTUGUESE AIRLINE) INAUGURAL FLIGHT OPENING SERVICE BETWEEN THE TWO CAPITALS. DURING THE VISIT, SOCIALIST PARTY PRESIDENT ANTONIO MACEDO AND JOAO

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LIMA, A PARTY OFFICIAL NOW IN THE FOREIGN MINISTRY,
DELIVERED A MESSAGE FROM PRIME MINISTER MARIO SOARES
TO PRESIDENT PEREZ. WE UNDERSTAND FROM THE PORTUGUESE
EMBASSY HERE THAT FRANCISCO SA CARNEIRO OF THE PARTIDO POPULAR
DEMOCRATICO ALSO CALLED ON THE PRESIDENT. HIS VISIT WAS RE-
PORTEDLY ARRANGED THROUGH VENEZUELAN SOCIAL CHRISTIAN (COPEI)
PARTY CONTACTS. MILITARY OFFICERS OF THE REVOLUTIONARY COUNCIL
ALSO CALLED ON PEREZ WITH A LETTER FROM THE PORTUGUESE
PRESIDENT. OTHER POLITICAL PARTIES REPRESENTED IN THE DELEGA-
TION WERE THE COMMUNISTS, AND THE CENTRO DEMOCRATICO SOCIAL.
A PORTUGUESE EMBASSY OFFICER OPINED THAT VISITS WERE PRO-
TOCOLARY IN NATURE AND THAT THE PORTUGUESE WERE NOT ABLE TO
GENERATE MUCH PRESS COVERAGE (WHICH WAS TRUE) BECAUSE
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PORTUGAL IS OF LITTLE INTEREST TO THE VENEZUELAN. HE ALSO SAID THAT LEADING VENEZUELAN POLITICAL FIGURES, INCLUDING RANKING OFFICIALS OF BOTH PRINCIPAL PARTIES (ACCION DEMOCRATICA AND COPEI) HAVE BEEN INVITED TO TRAVEL TO LISBON ON THE RETURN INAUGURAL FLIGHT SEPT. 25.

5. CARLOS BORDONI'S VENEZUELAN CITIZENSHIP MAY BE REVOKED. A RANKING OFFICIAL OF THE INTERIOR MINISTRY STATED SEPT. 22 THAT THE MINISTRY IS CONSIDERING REVOKING FUGITIVE CARLOS BORDONI'S VENEZUELAN CITIZENSHIP IF IT IS SHOWN TO HAVE BEEN OBTAINED FRAUDULENTLY. MEANWHILE, BORDONI CONTINUES TO GIVE PRESS INTERVIEWS HERE, ACCUSING THE USG OF PERSECUTING HIM AND CLAIMING TOTAL INNOCENCE CONCERNING ACTIVITIES OF THE FRANKLIN NATIONAL BANK. THE OUTCOME OF OUR EXTRADITION REQUEST TO THE GOV FOR BORDONI APPEARS TO REST ON THE QUESTION OF BORDONI'S VENEZUELAN CITIZENSHIP, SINCE VENEZUELAN CITIZENS CANNOT BE EXTRADITED TO THE U.S. THE PRESS CONTINUES TO REPORT IMMINENCE OF THE DECISION CONCERNING REVOCATION OF HIS VENEZUELAN CITIZENSHIP.

6. OIL PRODUCTION UP. CRUDE OIL PRODUCTION DURING AUGUST AVERAGED 2.45 MILLION BARRELS PER DAY, THE HIGHEST LEVEL SO FAR THIS YEAR. THIS RAISED THE AVERAGE RATE FOR 1976 TO DATE TO 2.27 MILLION B/D. IF PRODUCTION CONTINUES AT ITS CURRENT LEVEL THROUGH DECEMBER, THE AVERAGE FOR THE YEAR WILL BE ABOVE 2.3 MILLION B/D. WHILE GOV OFFICIALS PUBLICLY INSIST THEY HAVE NOT ABANDONED THEIR ORIGINAL PRODUCTION GOAL OF 2.2 MILLION, THERE IS ALSO NO EVIDENCE THAT THEY ARE MAKING THE PRODUCTION CUTS NECESSARY TO ACHIEVE IT.

7. CUBAN TRADE - OIL, CEMENT AND STEEL. THE CARACAS PRESS REPORTS MORNING SEPTEMBER 24 THAT AD PRESIDENT CONZALO BARRIOS TOLD SOVIET LEADERS DURING VENEZUELAN PARLIAMENTARY VISIT TO THE SOVIET UNION THAT VENEZUELA IS INTERESTED IN SELLING CUBA OIL, WITH THE UNDERSTANDING THAT THE SOVIETS WILL PICK UP THE BILL. ON THIS SUBJECT, IMPORTANT TALKS ARE UNDER WAY BETWEEN MARAVEN (EX-SHELL OIL) AND THE CUBANS REGARDING PETROLEUM EXPORTS (CARACAS 11402). ON A RELATED MATTER, THE CORPORATION VENEZOLANA DE GUAYANA (CVG) TECHNICAL TRADE MISSION (CARACAS 10929) REPORTEDLY RETURNED FROM CUBA HAVING SIGNED AN AGREEMENT TO BUY CUBAN CEMENT LIMITED OFFICIAL USE

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AND AGRICULTURAL PRODUCTS IN EXCHANGE FOR SEAMLESS TUBING AND OTHER STEEL PRODUCTS. THE CEMENT, TO BE USED IN EXPANSION PROJECTS OF THE GOVERNMENT OWNED STEEL PLANT (SIDOR) AND THE GURI DAM IN THE GUYANA REGION, IS TO BEGIN ARRIVING LATER THIS YEAR.

8. VENEZUELA TO IMPORT 100,000 TONS OF SUGAR. VENEZUELAN SUGAR INDUSTRY OFFICIALS CONFIRMED THE PURCHASE OF 100,000 TONS OF REFINED SUGAR (OVER \$30 MILLION) FROM URUGUAY, ARGENTINA, BRAZIL AND CERTAIN EUROPEAN SUPPLIERS FOR 1976 DELIVERY. CONTRARY TO EARLIER REPORTS, NO SUGAR WAS PURCHASED FROM TRADITIONAL SUPPLIERS, I.E., CUBA AND THE DOMINICAN REPUBLIC. VENEZUELA WAS EARLIER THOUGHT TO BE ARRANGING A PETROLEUM-FOR-SUGAR BARTER AGREEMENT WITH THSE LATTER SUPPLIERS. IN AN EFFORT TO PREVENT A FURTHER TIGHTENING IN SUGAR SUPPLIES, VENEZUELA RAISED ITS FIXED RETAIL SUGAR PRICE TO 18 CENTS A POUND AND INCREASED ITS SALES OF SEMI-REFINED VIS-A-VIS REFINES SUGAR. NO SIGNIFICANT IMPROVEMENT IS EXPECTED IN 1976-77 SUGAR PRODUCTION.
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